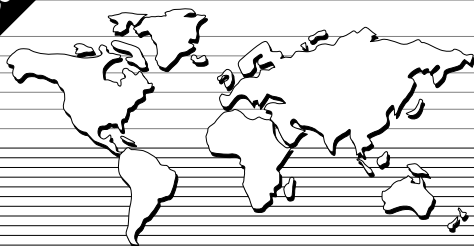




U.S. Department of the Treasury
Office of Foreign Assets Control



IRAQ

What You Need To Know About The U.S. Embargo

An overview of the Iraqi Sanctions Regulations -- Title 31 Part 575 of the U.S. Code of Federal Regulations

■ **INTRODUCTION** - On August 2, 1990, upon Iraq's invasion of Kuwait, former President Bush issued Executive Order No. 12722 declaring a national emergency with respect to Iraq. The order, issued under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701), the National Emergencies Act (50 U.S.C. 1601), and section 301 of title 3 of the U.S. Code, imposed economic sanctions, including a complete trade embargo, against Iraq. In keeping with United Nations Security Council Resolution 661 of August 6, 1990 and the United Nations Participation Act (22 U.S.C. 287c), the President also issued Executive Order 12724 on August 9, 1990, which imposed additional restrictions. Similar sanctions were imposed on Kuwait to ensure that no benefit from the United States flowed to the Government of Iraq in military-occupied Kuwait. The Iraqi Sanctions Regulations implement Executive Orders No. 12722 and 12724. They were issued and have been administered by the Treasury Department's Office of Foreign Assets Control (OFAC).

On May 23, 2003, OFAC issued the General License which appears below.

■ **ASSETS BLOCKED** - Effective August 2, 1990, former President Bush blocked all property and interests in property of the Government of Iraq, its agencies, instrumentalities, and controlled entities, in the United States or within the possession or control of U.S. persons. Persons and organizations determined by the Secretary of the Treasury to fall within any of those categories have been subject to treatment as if they were the government of Iraq itself. This enabled Treasury to designate Iraqi "front" organizations that may have been operating in third countries as "Specially Designated Nationals of Iraq," thus

subjecting them to the Iraqi sanctions. The assets of 'Specially Designated Nationals of Iraq' remain blocked. Blocked accounts in U.S. financial institutions must earn interest at commercially reasonable rates; funds are not to be held in instruments with a maturity exceeding 90 days. Setoffs against blocked accounts are prohibited.

■ **ORDERLY RECONSTRUCTION OF IRAQ** - President George W. Bush has issued Executive Order 13303 protecting the Development Fund for Iraq and the marketing and sale of Iraqi petroleum and petroleum products to assure the orderly reconstruction of Iraq, the restoration of peace and security in the country, and the development of political, administrative, and economic institutions there. It provides immunity from attachment or other judicial process against the Fund or against Iraqi petroleum and petroleum products, and "interests therein, and proceeds, obligations, or any financial instruments of any nature whatsoever," arising from or related to the sale or marketing of Iraqi petroleum or petroleum products.

Criminal penalties for violating the Iraqi Sanctions Regulations range up to 12 years in jail and \$1,000,000 in fines. In addition, civil penalties of up to \$275,000 per violation may be imposed administratively.

If you have information regarding possible violations of any of the regulations, please call the Treasury Department's Office of Foreign Assets Control at 202/622-2430. Your call will be handled confidentially.

IRAQI SANCTIONS REGULATIONS - General License - May 23, 2003

(Granted under the authority of Section 203 of the International Emergency Economic Powers Act (50 U.S.C. Section 1702), Section 5 of the United Nations Participation Act (22 U.S.C. Section 287c), Executive Order No. 12722 of August 2, 1990, Executive Order No. 12724 of August 9, 1990, and Parts 501 and 575 of Title 31 of the Code of Federal Regulations.)

Section 575.533 Certain new transactions.

(a) New Transactions. Except as provided in paragraph (b) of this section, on or after the effective date of this section, all transactions that are otherwise prohibited by subpart B of 31 CFR part 575 are authorized.

Note to paragraph (a): This authorization does not eliminate the need to comply with other provisions of 31 CFR chapter V or with other applicable

provisions of law, including any aviation, financial, or trade requirements of agencies other than the Department of the Treasury's Office of Foreign Assets Control. Such requirements include the International Traffic in Arms Regulations (22 CFR chapters 120-130) administered by the Department of State.

(b) Continued Blocking, Special Provisions for Certain Exports and Reexports, and Additional Conditions. (1) All property and interests in property that were blocked pursuant to subpart B of 31 CFR part 575 as of the effective date of this section remain blocked and subject to the prohibitions and requirements of 31 CFR part 575.

(2) The exportation from the United States or, if subject to U.S. jurisdiction, the exportation or reexportation from a third country to Iraq of any goods or technology (including technical data or other information) controlled by the Department of Commerce under the Export Administration Regulations (15 CFR chapter VII, subchapter C) for exportation to Iraq must be separately authorized by or pursuant to 31 CFR part 575.

Note to paragraph (b)(2): The term "controlled by the Department of Commerce" means subject to a license requirement under the Department of Commerce's Export Administration Regulations (EAR). Items subject to a license requirement under the EAR include items on the Commerce Control List that are listed in section 746.3 of the EAR as requiring a license for exportation or reexportation to Iraq, as well as items and activities that require a license under the end-use and end-user provisions of part 744 of the EAR. To inquire whether particular goods or technology are controlled by the Department of Commerce under the Export Administration Regulations for exportation to Iraq, the exporter or reexporter should contact the Department of Commerce, Bureau of Industry and Security.

(3) This section does not authorize any transactions with (i) persons or organizations determined by the Director of the Office of Foreign Assets Control to be included within 31 CFR Section 575.306, (ii) persons on the Defense Department's 55-person Watch List, or (iii) persons identified by the 661 Committee pursuant to paragraphs 19 and 23 of United Nations Security Council Resolution 1483, adopted May 22, 2003. Note to paragraph (b)(3): Persons determined by the Director of the Office of Foreign Assets Control to be included within 31 CFR Section 575.306 are also known as specially-designated nationals ("SDNs") of the Government of Iraq. These persons are included in Appendix A to 31 CFR chapter V, and an up-to-date list is maintained on the Office of Foreign Assets Control's website at <<http://www.treas.gov/ofac>>.

(4) This section does not authorize any transactions with respect to Iraqi cultural property or other items of archaeological, historical, cultural, rare scientific, and religious importance illegally removed from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990. Any trade in or transfer of such items, including items with respect to which reasonable suspicion exists that they have been illegally removed, remains prohibited by subpart B of 31 CFR part 575.

(c) Effective Date. This section is effective May 23, 2003.

Issued by direction and on behalf of the Secretary of the Treasury:

OFFICE OF FOREIGN ASSETS CONTROL
By R. Richard Newcomb, Director

This document is explanatory only and does not have the force of law. The Executive Orders and implementing regulations dealing with Iraq contain the legally binding provisions governing the sanctions and this document does not supplement or modify those Executive Orders or regulations.

The Office of Foreign Assets Control also administers sanctions programs involving Libya, certain targets in the Western Balkans, Cuba, North Korea, Iran, Syria, Sudan, Burma (Myanmar), Zimbabwe, highly enriched uranium transactions, designated terrorists and international narcotics traffickers, Foreign Terrorist Organizations, and designated foreign persons who have engaged in activities relating to the proliferation of weapons of mass destruction. For additional information about these programs or about the Iraqi sanctions program, please contact the:

OFFICE OF FOREIGN ASSETS CONTROL
U.S. Department of the Treasury
Washington, D.C. 20220
202/622-2490
<http://www.treas.gov/ofac>

(05-27-03)